NOTES

THE CONFERENCE OF THE INTERNATIONAL TAX ASSOCIATION

The October number of the *Journal of Political Economy* contained an article by Professor Royal Meeker concerning the fourth annual conference of the International Tax Association. Professor Meeker says that the conference failed to enlist the interest of university teachers of public finance, and in support of this assertion states that "only five or six representatives of colleges and universities attended the conference, and these declared their intention to stay away from future meetings," thus "leaving the association entirely in the hands of state and local tax officials."

The publication of the annual volume of proceedings of the Tax Association now makes it possible to supply the needed correction. That volume shows that seventeen college and university representatives attended the conference, so that Professor Meeker's statement on this point contains an error of some 60 or 70 per cent. It is true that the representation of the colleges and universities was smaller than in previous years, but this is probably accounted for by the fact that at the fourth conference the representatives paid their own traveling expenses, whereas in former years the expenses of many of them were paid by the president of the Tax Association. It would seem fair to say, therefore, that the representation of colleges and universities, if not as large as could be desired, showed no decrease of interest in the work of the Tax Association.

Concerning representation at future conferences Professor Meeker obviously is qualified to speak only for the few college and university teachers of whose presence he was aware. Beside his statement I wish to place my own testimony that I have attended all four of the conferences held by the Tax Association, and have heard from the college and university teachers present many expressions of great interest in the proceedings of the conference and the general work of the association. It is worth noting in this connection that no less than twelve college and university teachers are serving upon committees that are to report at the next

conference; and that, after all, attendance at convention, involving considerable expense and serious interference with vacation plans, is not the only test of the interest teachers feel in the work of the Tax Association. Perhaps persons who have gone to previous conferences believing that theirs is the "mission of saving the association from intellectual bankruptcy," have been disappointed with the results of their labors; but I feel confident that most others have derived great benefit from the opportunity to confer with state and local tax officials and to hear taxation problems discussed by the men whose business it is to administer our tax laws.

In referring to papers read at the last conference by Professor Adams and myself, Professor Meeker stated that we had made the "profound discovery" that a tax on income or on personal property, based on personal declaration, "works admirably so long as the tax remains so insignificant in amount that the taxpayer feels no burden or inconvenience therefrom." Leaving Professor Adams to speak for himself, as he is quite competent to do if he considers it worth while, I wish to point out that Professor Meeker has merely caricatured my argument.

In papers read at the second, third, and fourth conferences of the Tax Association I have taken the ground that one reason for the failure of the tax on personal property in the United States has been that it is usually levied at rates which make it equivalent to an income tax of 30, 40, and even 50 or 60 per cent; and I have urged that better results would be obtained if the rate could be fixed at some reasonable and moderate figure which would make the tax equivalent to an income tax of 5 or 6 per cent. A rate of three or four mills upon the dollar of the capital value is undoubtedly light when compared with the rates now imposed in most of our states; but it is light only by comparison with the exorbitant rates that we now attempt to collect, and only in such comparisons have I ever called it "light" or "low." Judged by any reasonable standard and by the experience of other countries, an income tax of 5 per cent is anything but "insignificant in amount" or likely to be regarded as "no burden" by the taxpayer. Professor Meeker may so consider it; if so, few students of finance and no taxpayers will agree with him. In any case he does not fairly represent my views when in place of such terms as "reasonable," "moderate," and "light," he substitutes "insignificant" and "no burden." Equally reckless is he when he implies that I have presented my views as a

"discovery," "profound" or otherwise. On the contrary I have expressly referred to the principle on which they are based as "a mere commonplace with students of finance,"[1] although one usually overlooked in discussions concerning the taxation of intangible property. Apparently Professor Meeker has quite as much difficulty in stating fairly the views of an opponent as he has in reporting correctly the number of persons in attendance at a convention.

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WASHINGTON NOTES

THE CORPORATION TAX CASES
A NEW COMMODITIES CLAUSE DECISION
CONGRESSIONAL TARIFF PLANS
BREAKDOWN OF BANK DEPOSIT GUARANTY SYSTEM
AN ANALYSIS OF MANUFACTURED EXPORTS

In a decision likely to rank with the income-tax cases of 1894 and the inheritance-tax cases that arose under the Spanish War revenue legislation, the Supreme Court of the United States has settled the controversies under the federal corporation-tax provision which formed a part of the Payne-Aldrich Tariff Law (Nos. 407–9, 412, 415, 420, 425, 431, 432, 442, 443, 446, 456, and 457, October term, 1910, handed down March 13, 1911). The opinion, as delivered by Justice Day, holds that the corporation-tax law must be sustained at practically every point claimed by the government. After reviewing and rejecting the argument that the tax provision originated in the Senate and was therefore unconstitutional, the court takes up the question whether the tax was really a levy upon the privilege of doing business and says that "while the mere declaration contained in a statute that it shall be regarded as a tax of particular character does not make it such . . . . nevertheless the declaration of the law-making power is entitled to much weight and . . . . it is therefore apparent . . . . that the tax is imposed . . . . upon the doing of corporate . . . . business. This interpretation of the act . . . . is sustained by the reasoning in *Spreckles Sugar Refining Company* v. *McClain*." The court then turns directly to the constitutionality of the law and holds that the act does not impose direct taxation upon property

[1] *Proceedings of Second Annual Conference on State and Local Taxation*, 133.